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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:

SEARS HOLDINGS CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 18-23538 (RDD)

Jointly Administered

**AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.'S
LIMITED OBJECTION AND RESERVATION OF RIGHTS TO
DEBTORS' NOTICE OF CURE COSTS AND POTENTIAL ASSUMPTION
AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED
LEASES IN CONNECTION WITH GLOBAL SALE TRANSACTION**

American Lebanese Syrian Associated Charities, Inc., a not-for-profit, section 501(c)(3) corporation, founded by the late entertainer Danny Thomas in 1957 to raise funds and awareness exclusively for the support of St. Jude Children's Research Hospital ("St. Jude"), creditor, and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365).

party-in-interest in the above captioned jointly-administered bankruptcy cases, by and through its undersigned counsel, hereby submits this limited objection and reservation of rights (“Limited Objection”) to Debtors’ *Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Global Sale Transaction* (“Cure Notice”) [Docket No. 1731]. In support of its Limited Objection, St. Jude respectfully states as follows:

LIMITED OBJECTION

1. St. Jude objects to the “Cure Amount” as stated on Exhibit A to the Cure Notice fixing the cure amounts due under three of its charitable campaign and licensing agreements (the “Agreements”) with the Debtors at “\$ _” and the absence of a cure amount due St. Jude under each of the Agreements. [See Nos. 617, 618 and 6522 to the Cure Notice]. St. Jude and Debtor Sears Holdings Management Corporation dba Kmart (“Kmart”) have an ongoing partnership whereby certain of Debtors’ stores, among other things, collect donations on behalf of St. Jude and sells certain products with a portion of all such sales advertised as donations for St. Jude. The parties’ partnership has been ongoing for over a decade and is very important to St. Jude.

2. On September 1, 2018, St. Jude and Kmart executed an addendum to their Charitable Fundraising, Donation, and Licensing Agreement whereby Kmart is authorized to conduct public fundraising and engagement efforts to support the charitable activities of St. Jude in connection with providing pediatric research (the “2018 Agreement”). The 2018 Agreement is scheduled to continue through and including August 31, 2019. Under the 2018 Agreement, Kmart, among other fundraising efforts, agreed to collect in-store donations from its customers from September 9, 2018 through December 31, 2018, as part of a “Thanks and Giving Fundraising Drive” on behalf of St. Jude (the “TNG Campaign”). On or around October 15,

2018 (the “Petition Date”), Kmart reported to St. Jude that as part of the TNG Campaign, Kmart had already raised approximately \$739,000 for St. Jude as of the Petition Date and per the 2018 Agreement fundraising was ongoing. Under the terms of the 2018 Agreement, payment and a final accounting of all in-store donations collected under the TNG Campaign is due to St. Jude on March 1, 2019. In addition to in-store donations campaigns, under the 2018 Agreement, Kmart also agreed to activate certain commercial – coventure (“CCV”) promotions for the benefit of St. Jude whereby Kmart was authorized to sell St. Jude ornaments and wrapping paper at a certain price; a set portion of each such sale was advertised in the stores as being donated to St. Jude. The donated portions of such sales are also due to be turned over to St. Jude on March 1, 2019. To date, St. Jude has not received a final accounting from the Debtors as to the total of all charitable funds collected on behalf of St. Jude and held in trust for St. Jude’s benefit.

3. St. Jude does not object to the assumption and assignment of any of its Agreements with the Debtors. Notwithstanding, St. Jude objects to the cure amount proposed by the Debtors to the extent that the Cure Notice in anyway seeks to affect the Debtors’ obligation to turn over charitable funds, including donations, collected on behalf of St. Jude. In-store donations, including the ornament and wrapping paper sales proceeds, are the property of St. Jude and not property of the Debtors’ estates.

4. St. Jude has been advised by Debtors’ counsel that the Cure Notice only lists existing defaults and any amounts that come due after the closing of the sale will be the responsibility of the purchaser. However, out of an abundance of caution, St. Jude files this Limited Objection to make clear that the funds due to St. Jude are to be held in trust for the benefit of St. Jude.

5. Accordingly, so long as the charitable funds collected between September 9, 2018 and December 31, 2018 for the benefit of St. Jude are reserved to be turned over to St. Jude on March 1, 2019 by the purchaser and/or the Debtors, then St. Jude withdraws this Limited Objection to the Cure Notice.

RESERVATION OF RIGHTS

6. St. Jude specifically reserves and preserves all rights and remedies available to it, including, but not limited to, its rights and remedies under the Agreements and its right to be heard in connection with Cure Notice as well as the form of the order approving the Global Asset Sale Transaction (as such term is defined in the Cure Notice).

WHEREFORE, subject to the foregoing, St. Jude respectfully objects to the Cure Notice and reserves its right to be heard in connection with the approval of the Global Asset Sale Transaction, and to seek such other and further relief as the Court deems just and proper.

Dated: January 25, 2019
Wilmington, Delaware

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